
Finance Committee

HB 3077

Brief Description: Extending the moorage period for sales tax exemptions for nonresident vessel purchasers.

Sponsors: Representatives O'Brien, Condotta, Wood and Darneille.

Brief Summary of Bill

- Provides a retail sales tax exemption for vessels sold to residents of foreign countries, and other states, if a permit is obtained from the Department of Revenue and the vessel is used for no more than twelve months in this state.

Hearing Date: 1/31/06

Staff: Bob Longman (786-7139).

Background:

Retail sales and use taxes are imposed by the state, by most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 1.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Retail sales tax does not apply to sales of watercraft to nonresidents of this state for use outside of this state, if the watercraft will not be used within this state for more than forty-five days, and the purchaser gives the dealer an exemption certificate. If the purchaser is a resident of another state, the watercraft must be one for which registration is required under federal law. This registration requirement does not apply to watercraft purchased by residents of foreign countries.

Summary of Bill:

A retail sales tax exemption is provided for vessels thirty feet or longer sold to residents of foreign countries, and other states, for use outside of this state. The vessel owner must purchase and display a use permit issued by the Department of Revenue (Department). A use permit may not be issued to any vessel registered in Washington nor may one be issued for any vessel not registered to individuals in a foreign country or another state. A corporation as a registered owner of a vessel may not be issued a use permit. The Department may charge a fee for a use permit. A

use permit may be issued for twelve consecutive months from the date of issue. If a purchaser has a use permit, the purchaser may not also utilize the 45 day exemption for sales to nonresidents.

Appropriation: None.

Fiscal Note: Requested on January 19, 2006.

Effective Date: The bill takes effect on July 1, 2006.